

Health Insurance Flexibility and Accountability (HIFA) Initiative Fact Sheet

State:	New Mexico
Name of Program:	State Coverage Initiative (SCI) Program
Date Received:	March 4, 2002
Date Approved:	August 23, 2002
Projected Implementation:	To be determined

SUMMARY

New Mexico's HIFA demonstration will cover uninsured parents of Medicaid and SCHIP children, as well as childless adults, in a partnership with employers in the State. Those eligible for coverage will include uninsured parents of Medicaid and SCHIP children, who are themselves ineligible for Medicaid under the State's current rules, with incomes up to 200 percent of the Federal poverty level (\$36,200 for a family of four). Adults without dependent children, who are otherwise ineligible for Medicaid, will also be eligible with incomes up to 200 percent of FPL. The State estimates that up to 40,000 currently uninsured individuals may be covered under the demonstration. The State will use unspent SCHIP funds to pay for the coverage expansion.

The State's approach (as specified in the proposal) to coordination between public and private insurance, which is a requirement of the HIFA initiative, is unique. Ordinarily, coordination takes the form of providing premium assistance for existing employer-sponsored insurance to enable low-income uninsured individuals to purchase insurance. New Mexico's approach differs from that model in that the State will create new employer-sponsored insurance. The State will contract with managed care organizations to provide a new insurance product for employers to offer to their low-income workers. The policy would be purchased with a combination of State and Federal, employer, and employee contributions.

EXISTING MEDICAID AND SCHIP PROGRAM

All children through age 19 are covered under the State Plan through 185 percent FPL. In January 1999, the State expanded Medicaid coverage to children through age 18 with family incomes from 186 through 235 percent FPL. These children are covered at the enhanced match for title XXI. The State also covers aged, blind and disabled adults and children that receive SSI.

HIFA PROPOSAL DETAILS

Number of individuals covered

The number of single or childless uninsured adults covered is approximately 11,000. The number of parents of Medicaid and SCHIP children covered is 29,000.

New populations included in the amendment

The new populations included in the amendment are single or uninsured childless adults and parents of Medicaid and SCHIP children.

Income limit (lower and upper) for new eligibles

The income limit for non-disabled childless adults is up to 200 percent FPL. The income limit for parents of Medicaid and SCHIP children is from 37 percent FPL and up to 200 percent FPL.

Funding Sources for amendment

New Mexico proposes two funding mechanisms for its waiver. Initially, New Mexico will be using unspent SCHIP funds. In the event that SCHIP funds are insufficient, part of the expansion will be funded through regular Medicaid matching funds.

Will there be enrollment limitations? If yes, provide details.

In the event that SCHIP funds are insufficient, the State will limit enrollment for single childless adults and fund the parents of Medicaid and SCHIP children through regular Medicaid matching funds.

Benefit package

The benefit package is comprehensive and similar to commercial packages. The SCI benefits package will not include the following Medicaid benefits: optometrists, podiatrists, dental, dentures, eyeglasses, ICF/MR, long term care, personal care services, transportation, case management, or hospice.

Cost-sharing

For those with incomes up to 100 percent of FPL (\$8,860 for a single individual; \$18,100 for a family of four), no premiums would be required. Individuals with incomes above 100 percent of FPL would pay monthly premiums of \$20 to \$35 per month, depending upon income. For all participants, there are co-payments of \$5 to \$20 for the most frequently used primary care services, similar to many currently available commercial insurance plans. Out-of-pocket charges for all participants would be limited to 5 percent of family income.

Delivery System

The State proposes to contract with managed care organizations (MCOs) to provide the SCI benefit plan.

Coordination with private insurance

SCI will extend health care coverage to uninsured adults through a commercial product similar to an employer-sponsored insurance as opposed to an expansion of the Medicaid program. The State, employers, and enrollees will all share in the cost of this coverage.

Crowd Out Features

Individuals will not be eligible for SCI coverage unless they have been without insurance for at least 6 months.

There will be incentives for MCOs to first market their commercial plan and then market SCI as a supplemental plan for low-income employees that do not "take-up" the commercial plans.

The basic benefit design was carefully crafted to be somewhat less than most commercial plans so that employers currently providing coverage would not tend to shift to SCI coverage.

Methodology for tracking rate of uninsured

Data from the Current Population Survey will be used to track changes in the rate of uninsured and trends in source of coverage.

Percentage of uninsured

The rate of uninsured adults in New Mexico below 200 percent FPL is 49.4 percent. The overall of uninsured in the State is 40 percent. The rate of uninsured children is 28.9 percent.

State's goal for reducing the rate of uninsured

The State's goal is to reduce the number of uninsured adults by a level of 10 percent.

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